

MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF
THE DEPARTMENT OF WATERWORKS

DATE: October 28, 2004

CALLED TO ORDER: 5:31 p.m.

MEETING ADJOURNED: 7:15 p.m.

ATTENDANCE

MEMBERS PRESENT

Beulah Coughenour, Chairperson
Barbara Howard
Dan DeMars
S. Michael Hudson, Secretary-Treasurer
Jack Bayt
Carmen Hansen-Rivera

AGENDA

1. Approval of the Minutes of the Meeting of September 23, 2004-Beulah Coughenour, Chairperson
2. "Indianapolis Works" Presentation- A. Scott Chinn, Corporation Counsel, City of Indianapolis
3. Financial Report- Robert Erney, Financial Manager.
4. Report of Veolia Water Indianapolis LLC- David Gadis, Vice President of Operations.
5. Report of Director of Contracts and Operations-Carlton E. Curry, Director of Contracts and Operations.
6. Resolution No. 34, 2004- Approval of Capital Plan- Carlton E. Curry, Director of Contracts and Operations.
7. Resolution No. 35, 2004- Declaratory Resolution- Andrew I. Klineman, General Counsel
8. Resolution No. 36, 2004- Approval of Capital Projects-Carlton E. Curry, Director of Contracts and Operations.

9. Resolution No. 37, 2004- Approval of Boone County Intergovernmental Agreement- Andrew I. Klineman, General Counsel.
10. Resolution No. 38, 2004- Approval of Service Advisory Board Engineering Consulting Agreement- Robert Erney, Financial Manager.
11. Initial Review of 2005 Department Budget- Robert Erney, Financial Manager
12. Approval of Board of Directors Meeting Dates for 2005- Andrew I. Klineman, General Counsel
13. Other Business
 - a. Other Board Business
 - b. Public Comment

MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF
THE DEPARTMENT OF WATERWORKS

The meeting of the Board of Directors (the "Board") of the Department of Waterworks (the "Department") met on Thursday, October 28, 2004. Chairwoman Beulah Coughenour called the meeting to order at 5:31 p.m. with the following members present: Barbara Howard, Dan DeMars, Jack Bayt, Carmen Hansen-Rivera and S. Michael Hudson.

Approval of the Minutes of the Meeting of September 23, 2004
Beulah Coughenour, Chairperson

Ms. Howard moved, seconded by Mr. Bayt, to approve the September 23, 2004 Board minutes. The motion carried by a vote of 5 to 0. The minutes are attached as Exhibit A.

"Indianapolis Works" Presentation- A. Scott Chinn, Corporation Counsel, City of Indianapolis

The Chair recognized A. Scott Chinn, Corporation Counsel, City of Indianapolis. Mr. Chinn submitted the Indianapolis Works plan summary attached hereto as Exhibit B and incorporated herein by reference (the "Indianapolis Works Report Summary")

Mr. Chinn noted that the Indianapolis Works reform plan does not have any application to the Department. Mr. Chinn noted that the Department will not be impacted by Indianapolis Works as proposed.

Mr. Chinn noted that the Department's structure and goal of providing quality water utility service at a reasonable price benefits the community and economic development. Mr. Chinn noted that Indianapolis Works would attempt to provide quality governmental service and bring the City and County budgets into order. Bringing the County and City budgets into order will benefit the community and economic development. Additionally, Indianapolis Works as proposed would help serve certain under-served areas of Marion County not within the old City of Indianapolis limits.

Mr. Chinn noted that \$35 million needs to be cut from the City and County budgets. He stated that the 2003 and 2004 budgets have already been cut by \$55 million.

Mr. Chinn described the five ways that Indianapolis Works proposes to save additional funds: (1) merger of the police and sheriff's departments; (2) merge the township fire departments with the Indianapolis Fire Department; (3) eliminate the office of Township trustee and poor administration at the township levels; (4) eliminate the office of Township assessor and combine with the County Assessor; and (5) generally combine the City and County budget.

Mr. Hudson asked what action is required at the State level to enact Indianapolis Works. Mr. Chinn noted that most of the proposal, 95% or so, would require state legislative approval. Mr. Bayt asked if the City-County Council approval was necessary. Mr. Chinn noted that most

would be accomplished by the Indiana General Assembly, but some portions would require City-County Council approval.

Mr. Hudson asked if Indianapolis Works contains a revenue-generating portion. Mr. Chinn noted the Indianapolis Works does not contemplate new revenue-generating program, Indianapolis Works is a government reform/expense cutting proposal and that should be accomplished prior to seeking new revenue sources.

The Chair asked if the State of Indiana will be assisting in the juvenile justice charges owed by the City. Mr. Chinn noted that the City will be discussing settling those charges with the State and discussing how, in the future, those charges will be handled.

Mr. DeMars asked if any police or fire fighters will be displaced. Mr. Chinn noted that there exists a shortfall of law enforcement officers. The Metropolitan police department will absorb all the present law enforcement officers. Duplicative services will be eliminated and the cost savings will permit the hiring of more law enforcement personnel. Elimination of duplicative service in the Fire Department will necessitate an elimination of 100 positions through attrition not lay-offs.

Ms. Hansen-Rivera asked how these changes will impact the services provided to Marion County residents. Mr. Chinn stated that neighborhood resource centers will be operated in the Townships and residents will not have to come to the City-County building to obtain services.

Ms. Howard asked about the public reaction to the proposed plan. Mr. Chinn stated the plan has been favorably received. Mr. Chinn noted that the Indianapolis Works advisory panel has been meeting with the public in the townships.

Financial Report
Robert Erney, Financial Manager.

The Board was given a copy of Mr. Erney's financial report attached hereto as Exhibit C and incorporated herein by reference (the "Financial Report").

Mr. Erney noted that the first 2004 bond expenditure target was achieved for September 2004 and he recognized Veolia Water's contribution to that effort.

Ms. Howard asked about the residential receivables. Mr. Erney noted that residential receivables are the largest category and receivables are sent to the collection agency under an automated system.

Mr. Bayt asked if the system errors resulting in write-offs. Mr. Erney noted that increased efforts are reducing the amount of receivables, not write-offs related to system errors.

Ms. Hansen Rivera asked about Women Business Enterprises expenditures. Mr. Erney noted that most Department expenditures are large fixed costs like the management fee paid to Veolia

Water Indianapolis, LLC (“VWI”). Mr. Erney stated the Department strives to include WBEs where possible.

*Report of Veolia Water Indianapolis LLC.
David Gadis, Vice President of Operations.*

Mr. Gadis submitted to the Board a copy of VWI’s monthly report attached hereto as Exhibit D and incorporated herein by reference (the “Veolia Report”).

Mr. Gadis read the executive summary of the Veolia Report.

Ms. Howard asked about the termination of Saturday service hours in the lobby. Mr. Gadis asked Ms. Kathy Humphrey, Vice President of Customer Service. Ms. Humphrey noted that there have no complaints related to the Saturday lobby closure.

Mr. Hudson asked about the dry weather and whether certain lessons have been learned. Mr. Gadis stated that VWI will do a better job of communicating with the residents that live on Morse Reservoir. From a system standpoint, VWI is committed to provide an adequate supply of water to its customers and that was never at risk, however, it is clear that educating the public on the water system would be necessary and helpful. Mr. Hudson asked if conservation is necessary. Mr. Gadis recognized that further discussion related to conservation is necessary and those discussions are on-going. Additionally, water conveyance structures like the canal are being examined to see if they are limiting the raw water supply into the system.

*Report of Director of Contracts and Operations
Carlton E. Curry, Director of Contracts and Operations.*

Mr. Curry submitted to the Board a copy of the Director’s report attached hereto as Exhibit E and incorporated herein by reference (the “October 2004 Director’s Report”).

The Chair asked about the White River treatment plant intake. Mr. Curry noted he would be meeting with Mr. Ray of the Department of Public Works to discuss that matter.

Mr. Hudson asked about Carmel’s action related to the River Road project and the impact on Westfield’s economic development. Mr. Curry noted that Westfield may develop a wellfield. Mr. Curry recognized that the Department would discuss water supply issues with Westfield. Mr. Hudson stated that the region needs a water supply plan. Mr. Curry noted that the Regional Water Study to be completed in April 2005 will aid in the process.

Mr. Bayt asked about the Geist greenway. Mr. Curry noted that dam access would be limited to guided tours, with sufficient notice to VWI, by the Parks Department or Department personnel. Mr. Bayt asked if the wells and dam were secure. Mr. Curry stated that the major concerns have been dealt with, but more security features will be added in the future. Mr. Curry additionally noted that, where possible, Department facilities are being blended with its surroundings.

Resolution No. 34, 2004- Approval of Capital Plan- Carlton E. Curry, Director of Contracts and Operations.

Mr. Curry explained Resolution No. 34, 2004. Mr. Curry submitted to the Board a copy of the revised Capital Plan, reviewed by the Department's Service Advisory Board, attached hereto as Exhibit F and incorporated herein by reference.

Ms. Howard moved, seconded by Mr. Bayt, to approve Resolution No. 34, 2004. The motion carried by a vote of 5 to 0.

Resolution No. 35, 2004- Declaratory Resolution- Andrew I. Klineman, General Counsel

Mr. Klineman explained Resolution No. 35, 2004. The Declaratory Resolution sets forth projects to be funded by the 2004 Department bond issues. A public hearing will be held on November 18, 2004 and a Confirmatory Resolution considered by the Board at that time.

Mr. Bayt moved, seconded by Ms. Howard, to approve Resolution No. 35, 2004. The motion carried by a vote of 5 to 0.

Resolution No. 36, 2004- Approval of Capital Projects-Carlton E. Curry, Director of Contracts and Operations.

Mr. Curry explained Resolution No. 36, 2004. The Approval concerns the matters attached as exhibits to the resolution.

Mr. Bayt asked if the funds available were a result of savings on other capital projects funded by the 2004 bonds. Mr. Curry noted the funds available were a result of savings.

Ms. Howard moved, seconded by Mr. Bayt, to approve Resolution No. 36, 2004. The motion carried by a vote of 5 to 0.

Resolution No. 37, 2004- Approval of Boone County Intergovernmental Agreement- Andrew I. Klineman, General Counsel.

Mr. Klineman explained Resolution No. 37, 2004. Mr. Klineman noted that during the acquisition of the Indianapolis Water Company assets, the Department entered into intergovernmental agreements with the governmental jurisdictions that the Department serves. Boone County did not enter into an agreement at the time of the original acquisition and recently approached the Department to enter into the intergovernmental.

Mr. Hudson asked about Whitestown and the Boone County intergovernmental. Mr. Klineman noted that this document relates to the relationship that exists presently with Boone County, it does not related to any new obligations or future relationships.

Mr. Bayt moved, seconded by Ms. Howard, to approve Resolution No. 38, 2004. The motion carried by a vote of 5 to 0.

Resolution No. 38, 2004- Approval of Service Advisory Board Engineering Consulting Agreement- Robert Erney, Financial Manager.

Mr. Erney explained Resolution No. 38, 2004. Mr. Erney noted this agreement relates to the Service Advisory Board's review of the Regional Water Authority study. A RFQ (request for qualifications) resulted in six responses. The Service Advisory Board selected DLZ Indiana, LLC.

Mr. Hudson asked if consideration was given to MBE/WBE. Mr. Erney responded that consideration was given.

Ms. Howard moved, seconded by Mr. Bayt, to approve Resolution No. 38, 2004. The motion carried by a vote of 5 to 0.

Initial Review of 2005 Department Budget- Robert Erney, Financial Manager

Mr. Erney submitted the Initial Review of 2005 Department Budget attached as Exhibit G and incorporated herein by reference to the Board and reviewed the proposed budget. Mr. Erney noted the budget would be considered at the November 18, 2004 Board meeting.

Mr. Hudson asked about the grantor's trust. Mr. Erney noted the Department is responsible to fund the trust, VWI is responsible to administer the trust. Mr. Erney noted the vesting period closes at the end of 2004. Calculations will be made at that point to revise contributions if necessary. Mr. Hudson asked that a periodic review of the trust be given to the Board.

Mr. Erney noted the cash portion of the budget is proposed to increase by just under 2%. That does not include bond funds.

Approval of Board of Directors Meeting Dates for 2005- Andrew I. Klineman, General Counsel

Mr. Klineman submitted the Meeting Dates for 2005 attached as Exhibit H and incorporated herein by reference to the Board and reviewed the proposed meeting dates. The Board approved by unanimous voice vote the proposed meeting dates, as amended to change the March 2005 meeting date to March 24, 2005.

*Other Business
Other Board Business*

None.

Public Comment

The Chair recognized Mr. Glenn Pratt. Mr. Pratt discussed water conservation and the need for a plan. Mr. Pratt discussed the need to have ordinances and statutes enacted to enforce conservation. Mr. Pratt noted the advantage to having a plan in place prior to the need. Mr. Pratt discussed the need to work together to modify IDEM requirements in an effort to reduce the

amount of chemicals required related to water treatment. Mr. Pratt noted that the Technical Advisory Group facilitated by Veolia has been beneficial.

CONCLUSION

With no further business pending, the Board of Directors of the Department of Waterworks meeting adjourned at 7:15 p.m.

Beulah Coughenour, Chairwoman

Attest:

S. Michael Hudson,
Secretary-Treasurer